

EXPLANATION OF H.R. 13705, SECTION 8

H.R. 13705 was introduced by Mr. Philbin on 26 October 1967 and amends the Central Intelligence Agency Retirement Act of 1964 for Certain Employees.

Section 8 of H.R. 13705 closes the gap between the CIA and other major Federal retirement systems on cost-of-living adjustment of annuities. The gap stems from the fact that the CIA retirement system is operating under an old formula and the other systems, such as military and Civil Service, are operating under a new formula. The new formula reduces from one year to three months the period over which increases in the Consumer Price Index must be maintained and permits increases to be applied to retirees on a more current basis. On 1 May 1968 the gap between the percentage increases in force and effect under the Civil Service and the CIA systems had reached 12.2 percent for 1965 retirees, 9 percent for 1966 retirees, and 3.9 percent for 1967 and some 1968 retirees. If this gap continues much longer it will substantially weaken the effectiveness of the CIA retirement system and inevitably effect the morale of those covered by it.

Section 8 of H.R. 13705 will conform the cost-of-living feature of the CIA Retirement Act to that found in the other major Federal retirement systems and will assure that future cost-of-living adjustments under the CIA retirement system will be precisely in phase with those granted under the Civil Service system and will provide as of 1 January 1967 a catchup increase to the percentage increase in force and effect under the Civil Service system.

In view of the pressing need to correct this situation, the Agency has agreed to defer all other provisions in H.R. 13705 to a more opportune time and anticipates favorable consideration of this one provision by the legislative committee in the other body.

90TH CONGRESS
1ST SESSION

H. R. 13705

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 26, 1967

Mr. PHILBIN introduced the following bill; which was referred to the Committee on Armed Services

A BILL

To amend the Central Intelligence Agency Retirement Act of 1964 for certain employees, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 SECTION 4. The Central Intelligence Agency Retirement Act of 1964 for certain employees (78 Stat. 1043; 50 U.S.C. 403 note) is amended by striking subsection 204 (b) (3) and inserting the following in lieu thereof:

7 “~~(3)~~ ‘Child’, for the purposes of sections 221 and 232 of this Act, means an unmarried child, including (i) an adopted child, and (ii) a stepchild or recognized natural child who lived with the participant in a regular parent-child relationship, under the age of eighteen years, or such unmar-

1 ried child regardless of age who because of physical or mental
2 disability incurred before age eighteen is incapable of self-
3 support, or such unmarried child between eighteen and
4 twenty-two years of age who is a student regularly pursuing
5 a full-time course of study or training in residence in a high
6 school, trade school, technical or vocational institute, junior
7 college, college, university, or comparable recognized educa-
8 tional institution. A child whose twenty-second birthday
9 occurs prior to July 1 or after August 31 of any calendar
10 year, and while he is regularly pursuing such a course of
11 study or training, shall be deemed for the purposes of this
12 paragraph and section 221 (c) of this Act to have attained
13 the age of twenty-two on the first day of July following such
14 birthday. A child who is a student shall not be deemed to
15 have ceased to be a student during any interim between
16 school years if the interim does not exceed five months and if
17 he shows to the satisfaction of the Director that he has a bona
18 fide intention of continuing to pursue a course of study or
19 training in the same or different school during the school
20 semester (or other period into which the school year is
21 divided) immediately following the interim. The term 'child',
22 for the purposes of section 241, shall include an adopted child
23 and a natural child, but shall not include a stepchild."

24 ~~SEC. 2.~~ Section 221 (a) of the Central Intelligence

1 ~~Agency Retirement Act (50 U.S.C. 403 note) is amended~~
2 ~~by striking out "thirty-five" and substituting "forty".~~

3 ~~SEC. 3. Section 224(b) of the Central Intelligence~~
4 ~~Agency Retirement Act (50 U.S.C. 403 note) is amended~~
5 ~~by deleting the words "or remarriage" from the first sen-~~
6 ~~tence, and section 232(b) is amended by deleting the words~~
7 ~~"or remarriage" from the second sentence.~~

8 ~~SEC. 4. Section 224(c) of the Central Intelligence~~
9 ~~Agency Retirement Act (50 U.S.C. 403 note) is amended~~
10 ~~to read as follows:~~

11 ~~"(e) The commencing date of an annuity payable to a~~
12 ~~child under paragraph (c) or (d) of this section, or (c) or~~
13 ~~(d) of section 232, shall be deemed to be the day after the~~
14 ~~annuitant or participant dies, with payment beginning on~~
15 ~~that day or beginning or resuming on the first day of the~~
16 ~~month in which the child later becomes or again becomes a~~
17 ~~student as described in section 204(b) (3), provided the~~
18 ~~lump-sum credit, if paid, is returned to the fund. Such~~
19 ~~annuity shall terminate on the last day of the month before~~
20 ~~(1) the child's attaining age eighteen unless he is then a~~
21 ~~student as described or incapable of self-support; (2) his~~
22 ~~becoming capable of self-support after attaining age eighteen~~
23 ~~unless he is then such a student, (3) his attaining age~~
24 ~~twenty-two if he is then such a student and not incapable of~~

4

1 self-support, (4) his ceasing to be such a student after at-
2 taining age eighteen unless he is then incapable of self-
3 support, (5) his marriage, or (6) his death, whichever first
4 occurs.”.

5 SEC. 5. Section 221 of the Central Intelligence Agency
6 Retirement Act (50 U.S.C. 403 note) is amended by delet-
7 ing the last two sentences of subsection (f), and adding the
8 following new paragraphs (g) and (h):

9 “(g) Except as otherwise provided, the annuity of a
10 participant shall commence on the day after separation from
11 the service, or on the day after salary ceases and the partici-
12 pant meets the service and the age or disability requirements
13 for title thereto. The annuity of a participant under section
14 234 shall commence on the day after the occurrence of the
15 event on which payment thereof is based. An annuity other-
16 wise payable from the fund allowed on or after date of enact-
17 ment of this provision shall commence on the day after the
18 occurrence of the event on which payment thereof is based.

19 “(h) An annuity payable from the fund on or after date
20 of enactment of this provision shall terminate (1) in the
21 case of a retired participant, on the day death or any other
22 terminating event occurs, or (2) in the case of a survivor,
23 on the last day of the month before death or any other
24 terminating event occurs.”.

1 Retirement Act (50 U.S.C. 403 note) is amended by delet-
2 ing subsection (e) (1) ; renumbering subsections (e) (2)
3 and (e) (3) to read (e) (3) and (e) (4) and inserting the
4 following new subsections (c) (1) and (e) (2):

5 “(e) (1) If an officer or employee under some other
6 Government retirement system becomes a participant in the
7 system by direct transfer, the Government's contributions
8 under such retirement system on behalf of the officer or
9 employee shall be transferred to the fund and such officer or
10 employee's total contributions and deposits, including inter-
11 est accrued thereon, except voluntary contributions, shall be
12 transferred to his credit in the fund effective as of the date
13 such officer or employee heretofore or hereafter becomes a
14 participant in the system. Each such officer or employee
15 shall be deemed to consent to the transfer of such funds and
16 such transfer shall be a complete discharge and acquittance
17 of all claims and demands against the other Government
18 retirement fund on account of service rendered prior to be-
19 coming a participant in the system.

20 “(e) (2) If a participant in the system becomes an
21 employee under another Government retirement system by
22 direct transfer to employment covered by such system, the
23 Government's contributions to the fund on his behalf may be
24 transferred to the fund of the other system and his total con-

1 tributions and deposits, including interest accrued thereon,
2 ~~except~~ voluntary contributions, may be transferred to his
3 ~~credit in the fund of such other retirement system at the~~
4 ~~request of the officer or employee effective as of the date he~~
5 ~~becomes eligible to participate in such other retirement sys-~~
6 ~~tem. Each such officer or employee in requesting such~~
7 ~~transfer shall be deemed to consent to the transfer of such~~
8 ~~funds and such transfer shall be a complete discharge and~~
9 ~~acquittance of all claims and demands against the fund on~~
10 ~~account of service rendered prior to his becoming eligible for~~
11 ~~participation in such other system."~~

12 ~~SEC. 7. Section 273 of the Central Intelligence Agency~~
13 ~~Retirement Act (50 U.S.C. 403 note) is amended by de-~~
14 ~~leting subsection (a); renumbering subsection (b) to read~~
15 ~~(c); and inserting the following new subsections (a) and~~
16 ~~(b):~~

17 ~~"(a) Notwithstanding any other provision of law, any~~
18 ~~annuitant who has retired under this Act and who is reem-~~
19 ~~ployed in the Federal Government service in any appointive~~
20 ~~position either on a part-time or full-time basis shall be en-~~
21 ~~titled to receive the salary of the position in which he is~~
22 ~~serving plus so much of his annuity payable under this Act~~
23 ~~which when combined with such salary does not exceed~~
24 ~~during any calendar year the basic salary such officer or~~

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Any such reemployed officer or employee who receives salary during any calendar year in excess of the maximum amount which he may be entitled to receive under this paragraph shall be entitled to such salary in lieu of benefits hereunder.

“(b) When any such annuitant is reemployed, he shall notify the Director of Central Intelligence of such reemployment and shall provide all pertinent information relating thereto.”.

~~Sec. 8.~~ Section 291 of the Central Intelligence Agency Retirement Act (50 U.S.C. 403 note) is amended to read as follows:

That section 291 of the Central Intelligence Agency Retirement Act of 1964 for Certain Employees (78 Stat. 1043; 50 U.S.C. 403 note) is amended to read as follows:

“SEC. 291. (a) On the basis of determinations made by the Director pertaining to per centum change in the price index, the following adjustments shall be made:

“(1) Each annuity payable from the fund on January 1, 1967, shall be increased on that date by (a) 12.4 per centum for annuities which commence on or before January 1, 1966, or (b) 4.9 per centum for annuities which commence on or between January 2, 1966, and January 1, 1967.

“(2) Each month beginning with November 1966, the Director shall determine the per centum change in the price index. Effective the first day of the month

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begins after the price index shall have equaled a rise of at

1 least 3 per centum for three consecutive months over the
2 price index for the base month, each annuity payable from
3 the fund which has a commencing date not later than such
4 effective date shall be increased by the per centum rise in the
5 price index (calculated on the highest level of the price
6 index during the three consecutive months) adjusted to the
7 nearest one-tenth of 1 per centum.

8 “(b) Eligibility for an annuity increase under this
9 section shall be governed by the commencing date of each
10 annuity payable from the fund as of the effective date of an
11 increase, except as follows:

12 “(1) Effective from its commencing date, an annuity
13 payable from the fund to an annuitant's survivor (other than
14 a child entitled under section 221 (c)), which annuity com-
15 mences the day after annuitant's death and after January 1,
16 1967, shall be increased by the total per centum increase
17 the annuitant was receiving under this section at death;
18 or if death occurred between January 1, 1967, and date of
19 enactment, the per centum increase the annuitant would
20 have received.

21 “(2) Effective from its commencing date, an annuity
22 payable from the fund to a child under section 221 (c),
23 which annuity commences the day after annuitant's death
24 and after January 1, 1967, shall be increased by (a) 2 per

1 on or before January 1, 1966, or (b) 1 per centum if the
2 annuity from which it is derived commenced on or between
3 January 2, 1966, and January 1, 1967.

4 “(3) For the purposes of computing an annuity which
5 commences after January 1, 1967, to a child under section
6 221 (c), the items \$600, \$720, \$1,800, and \$2,160 appear-
7 ing in section 221 (c) shall be increased by 10.2 per centum
8 plus the total per centum increase allowed and in force under
9 section 291 (a) (2) for employee annuities, and, in the case
10 of a deceased annuitant, the items 40 per centum and 50
11 per centum appearing in section 221 (c) shall be increased
12 by the total per centum increase allowed and in force under
13 this section to the annuitant at death; or if death occurred
14 between January 1, 1967, and date of enactment, the per
15 centum increase the annuitant would have received.

16 “(c) Any annuity increased under this section shall be
17 decreased by the amount of increase in force and effect with
18 respect to that annuity under section 291 prior to the date of
19 enactment of this ~~Act~~ subsection.

20 “(d) The term ‘price index’ shall mean the Consumer
21 Price Index (all items—United States city average) pub-
22 lished monthly by the Bureau of Labor Statistics. The term
23 ‘base month’ shall mean the month of October 1966 for the
24 first increase under section 291 (a) (2) and thereafter the

1 month for which the price index showed a per centum rise
2 forming the basis for a cost-of-living annuity increase.

3 “(e) No increase in annuity provided by this section
4 shall be computed on any additional annuity purchased at
5 retirement by voluntary contributions.

6 “(f) The monthly installment of annuity after adjust-
7 ment under this section shall be fixed at the nearest dollar,
8 except that such installment shall, after adjustment, reflect an
9 increase of at least \$1.”

10 Sec. 9. Section 5541 (2) of title 5, United States Code,
11 is amended by (1) striking out “or” at the end of paragraph
12 (xii); (2) deleting the period at the end of paragraph (xiii)
13 and inserting “; or”; and (3) adding the following new
14 paragraph:

15 “(xiv) an officer or employee of the Central In-
16 telligence Agency.”.

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